

In the Matter of)	No. G 02-02
)	
First Choice Health Plan)	FINDINGS, CONCLUSIONS AND
)	ORDER ADOPTING REPORT
A Domestic Health Care Service)	OF
Contractor)	MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of **First Choice Health Plan** (the Company) as of November 30, 2000, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock health care service contractor. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on November 13, 2001. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 39 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **First Choice Health Plan** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 22.

1. The Company is ordered to respond to appeals within 14 days as required by WAC 284-43-620. (Instruction 1, Report page 12)
2. The Company is ordered to ensure that agents are properly licensed and appointed prior to allowing them to solicit business on behalf of the Company in order to comply with RCW 48.44.011 and RCW 48.17.060(1) and (2). (Instruction 2, Report page 13)
3. The Company is ordered to file its rates and benefits in their entirety with the OIC prior to use as required by RCW 48.44.040 and WAC 284-43-920(1). (Instruction 3, Report page 14)
4. The Company is ordered to refund premiums that were charged to groups in excess of the filed rates pursuant to RCW 48.44.040 and WAC 284-43-920(1). (Instruction 4, Report page 15)
5. The Company is ordered to file the negotiated plan rates and benefits for those groups that were not filed pursuant to RCW 48.44.040 and WAC 284-43-920(1). (Instruction 5, Report page 15)
6. The Company is ordered to include all mandated benefit provisions in its contracts as required by Chapters 48.43 and 48.44 RCW, and Chapters 284-43, 284-44, 284-51, 284-52, and 284-53 WAC. (Instruction 6, Report page 17)
7. The Company is ordered to file all provider contract forms with the OIC prior to use as required by RCW 48.44.070 and WAC 284-43-330(1). (Instruction 7, Report page 18)
8. The Company is ordered to cite sources of statistical data in its advertising materials to comply with WAC 284-50-110(3). (Recommendation 1, Report Page 9)
9. The Company is ordered to respond to communication from the OIC within 15 business days of receipt of correspondence to assure compliance with WAC 284-30-650. (Recommendation 2, Report page 12)
10. The Company is ordered to locate the referral and pre-authorization procedure in

member materials in one section rather than parts in multiple locations in the materials.
In addition, further education and monitoring of the providers is required in order to alleviate errors and misunderstandings in the pre-authorization and referral process.
(Recommendation 3, Report page 16)

11. The Company is ordered to consistently audit claims involving Coordination of Benefits to assure correct data entry and processing as prescribed in WAC 284-51.
(Recommendation 4, Report page 20)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 25th day of January, 2002.

MIKE KREIDLER
Insurance Commissioner